



ISLAND TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Half Year Ended December 31, 2016**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE:	Mr. Shahid Anwar Tata
DIRECTORS:	Mr. Adeel Shahid Anwar Tata Mr. Ajaz Ahmed Tariq Mr. Bilal Shahid Anwar Mr. Muhammad Naseem Sheikh Kausar Ejaz

AUDIT COMMITTEE

CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Bilal Shahid Anwar Sheikh Kausar Ejaz
SECRETARY	Mr. Owais Ahmed Abbasi

HUMAN RESOURCE & REMUNERATION

COMMITTEE CHAIRMAN:	Mr. Muhammad Naseem
MEMBERS:	Mr. Shahid Anwar Tata Mr. Bilal Shahid Anwar
SECRETARY	Mr. Aadil Riaz

**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER:**

Mr. Farooq Advani

BANKERS:

Faysal Bank Limited
Bank Alfalah Limited
Meezan Bank Limited
The Bank of Punjab
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Summit Bank Limited
Askari Bank Limited
Pak Oman Investment Company Limited
NIB Bank Limited
Dubai Islamic Bank Pakistan Limited
Allied Bank Limited
JS Bank Limited

AUDITORS: M/s. Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR: Ameen Bandukda & Co. Advocates

SHARE REGISTRAR: Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal
Tel# (Toll Free) 0800-CDCPL (23275)
Fax# (92-21) 34326053

REGISTERED OFFICE: 6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel#32412955-3 Lines 32426761-2-4 Fax #32417710

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MILLS: A/12, S.I.T.E. Kotri
District Jamshoro (Sindh)

DIRECTORS' REPORT**Assalam-o-Alaikum**

The Financial Statements (un-audited) of the Company for the Half yearly, ended on December 31, 2016 is being presented to you.

During the period under review, the Company incurred a pre-tax loss of PKR.19.625 million as compared to a pre-tax loss of PKR.189.393 million, during the corresponding period of last year, showing some progress.

Textile Industry

It is most unfortunate that we are yet again reporting the same distressing scenario which is only because of the apathetic attitude of the present Government. The cost push up continues in all inputs like labour, raw material, etc. The long awaited Textile Package has been finally announced, though, it is insufficient and inadequate. Nevertheless, we hope it will bring some development in the Textile Sector and help boost the declining exports.

Burden of Taxes

Like any other Company, your Company is burdened with Withholding Taxes. The current Tax Policy of the Government is not supportive to Business and the Industry. Instead, the Government has been inclined to recover more and more taxes from the already over-burdened existing tax payer in order to increase its revenue and target. The tax payer is required to pay minimum tax even if the company is incurring losses and the regime of Withholding Tax mechanism is programmed in such a manner that it deducts taxes in excess of the Minimum Tax liability. The Minimum Tax liability which was previously imposed at 0.5% is now increased to 1%.

Besides Withholding Taxes, we are contributing huge amount to the Government's Revenue on account of various government levies, such as, SRB on services, Custom Duties, Textile Cess, Education Cess, Cotton Cess, Social Security, EOBI, etc.

Raw Material

There has yet again been a very serious failure of Cotton Crop. The Textile Industry have contributed Millions of Rupees as Cotton Cess to the Government, but the Pakistan Agriculture Institutions have not carried out any research for improvement in quality of Cotton Seeds or for Virus / pest resistant variety. The quality of Cotton keeps deteriorating every year in addition to reduction in Crop size and with its issues of contaminations, etc., we are paying a much higher price for Pakistani Cotton than what it actually deserves. But the Government continues to remain indifferent to the issues relating to Cotton crop and has not come up with any corrective measures or Policy for a crop that provides for 70% of the exports. We are therefore compelled to import Cotton which falls expensive.

Future Outlook

The Government has made some announcements for the Textile Industry, which under no circumstances could be termed as a "Textile Package". A Country which is already short of Raw Material and is buying Raw Material at Import Parity, imposing 4% Import Duty, was an absolutely wrong Policy of the Government which rendered the Textile Industry totally uncompetitive, so this withdrawal of 4% duty cannot be considered a Package. However, we have to wait and watch, in the coming months, how the 4% Duty Draw Back on yarn, which is too little and too late, benefit the Industry against the unrealistic Exchange Rate Policy. Moreover, the Government should also take urgent measures to refund our accumulated amount of Sales Tax and Income Tax.

Acknowledgement

It is most important to mention the untiring endeavors of all our team members who are engaged in up-holding their commitment for the company's success and growth. We also thank our Bankers, Vendors and Clients for their consistent trust and support.

On behalf of the Board of Directors



Shahid Anwar Tata
Chief Executive

Karachi

Dated: February 25, 2017

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ISLAND TEXTILE MILLS LIMITED** (the Company) as at **December 31, 2016**, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants

Engagement partner
Mushtaq Ali Hirani

Dated: February 25, 2017
Karachi

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016**

		December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note Rupees in '000'	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,250,158	3,983,197
Intangible assets		654	1,218
Long term investments		301,404	306,101
Long term deposits		1,455	1,001
Deferred tax asset		-	53,048
		4,553,671	4,344,565
Current Assets			
Stores, spares and loose tools		32,476	36,441
Stock-in-trade		1,632,327	1,020,678
Trade debts		302,145	340,280
Loans and advances		364,732	391,390
Short-term prepayments		8,672	16,118
Other receivables		793	400
Other financial assets		25,900	23,076
Sales tax refundable		77,023	206,741
Cash and bank balances		20,281	34,127
		2,464,349	2,069,251
TOTAL ASSETS		7,018,020	6,413,816
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital and reserves	6	1,013,207	1,050,839
Surplus on revaluation of property, plant and equipment		743,504	465,111
Non-Current Liabilities			
Deferred liabilities		73,373	50,269
Long term finances	7	2,720,013	2,997,301
		2,793,386	3,047,570
Current Liabilities			
Trade and other payables		600,654	468,494
Current portion of long term finances	7	279,987	-
Short term borrowings		1,501,237	1,285,589
Accrued interest / mark-up on borrowings		86,045	96,213
		2,467,923	1,850,296
Contingencies and Commitments			
	8		
TOTAL EQUITY AND LIABILITIES		7,018,020	6,413,816

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
CHIEF EXECUTIVE


ANWAR AHMED TATA
CHARIMAN / DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Rupees in '000'					
Sales - net		2,640,971	1,649,482	1,517,972	1,033,858
Cost of goods sold	9	(2,432,812)	(1,608,790)	(1,418,961)	(995,559)
Gross profit		208,159	40,692	99,011	38,299
Distribution cost		(55,050)	(41,704)	(27,499)	(23,232)
Administrative expenses		(30,932)	(26,035)	(15,528)	(14,032)
Other operating expenses		(1,284)	(11,823)	(768)	(6,266)
Finance cost		(141,694)	(132,099)	(68,974)	(82,616)
		(228,960)	(211,661)	(112,769)	(126,146)
Share of loss from associates - net of deferred tax		(4,693)	(19,242)	(785)	(13,475)
Other income		5,869	818	4,705	768
		1,176	(18,424)	3,920	(12,707)
Loss before taxation		(19,625)	(189,393)	(9,838)	(100,554)
Provision for taxation	10	(26,394)	218,334	(18,397)	9,608
(Loss) / profit for the period		(46,019)	28,941	(28,235)	(90,946)
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Company's share in unrealised loss on remeasurement of associates' investments - net of deferred tax					
		(4)	6	(7)	(5)
Total comprehensive income for the period		(46,023)	28,947	(28,242)	(90,951)
Earnings per share - Basic and diluted (Rupees)		(92.04)	57.88	(56.47)	(181.89)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


ANWAR AHMED TATA
 CHARIMAN / DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	December 31, 2016	December 31, 2015
	----- Rupees in '000' -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(19,625)	(189,393)
Adjustments for:		
Depreciation	100,038	84,700
Amortization	564	564
Provision for staff gratuity	12,596	6,706
Provision for staff compensated absences	4,623	2,975
Finance cost	141,694	132,099
Loss on disposal of property, plant and equipment	39	-
Share of loss from associates - net of deferred tax	4,693	19,242
Provision for doubtful debts	115	-
Operating cash flows before working capital changes	<u>244,737</u>	<u>56,893</u>
(Increase) / decrease in current assets		
Stores, spares and loose tools	3,965	(8,004)
Stock-in-trade	(611,649)	(23,941)
Trade debts	38,020	(254,761)
Loans and advances	50,691	(154,430)
Other receivables	(393)	-
Short-term prepayments	7,446	(2,831)
Sales tax refundable	129,718	(34,833)
Increase in current liabilities		
Trade and other payables	132,160	292,626
Net cash used in operations	<u>(5,305)</u>	<u>(129,281)</u>
Finance cost paid	(151,862)	(149,033)
Staff gratuity paid	(4,400)	(4,964)
Staff compensated absences paid	(3,919)	(2,153)
Income taxes paid	<u>(24,033)</u>	<u>(27,699)</u>
Net cash used in operating activities	<u>(189,519)</u>	<u>(313,130)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(39,452)	(340,708)
Proceeds from disposal of property, plant and equipment	60	-
Additions to other financial assets	(2,824)	(2,250)
Long term deposits	(454)	-
Dividend received	-	435
Net cash used in investing activities	<u>(42,670)</u>	<u>(342,523)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	2,699	297,774
Short-term borrowings repaid	<u>(378,956)</u>	<u>(82,741)</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(608,446)</u>	<u>(440,620)</u>
Cash and cash equivalents at beginning of the period	<u>(589,063)</u>	<u>(134,929)</u>
Cash and cash equivalents at end of the period	<u><u>(1,197,509)</u></u>	<u><u>(575,549)</u></u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	20,281	50,991
Short-term running finances	<u>(1,217,790)</u>	<u>(626,540)</u>
	<u><u>(1,197,509)</u></u>	<u><u>(575,549)</u></u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
CHIEF EXECUTIVE


ANWAR AHMED TATA
CHARIMAN / DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Reserves				Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Company's share in other comprehensive income of associates	
	5,000	900,000	591	(1,013)	351,969
Balance at June 30, 2015 (Audited)					1,256,547
Total comprehensive income for the half year ended					
December 31, 2015					
Profit for the period	-	-	-	-	28,941
Other comprehensive income					
Company's share in unrealised gain on remeasurement of associates' investments - net of deferred tax	-	-	-	6	-
Total comprehensive income for the period					28,947
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	5,948
- Own	-	-	-	-	2,659
- Company's share in associates	-	-	-	-	8,607
Balance at December 31, 2015 (Unaudited)	5,000	900,000	591	(1,007)	389,517
Total comprehensive income for the half year ended June 30, 2016					1,294,101
Loss for the period	-	-	-	-	(246,931)
Other comprehensive income					
Loss on remeasurement of defined benefit plan-net of deferred tax	-	-	-	-	(4,189)
Company's share in unrealised gain on remeasurement of associates' investments - net of deferred tax	-	-	-	14	-
Company's share in remeasurement gain on associates' defined benefit plan - net of deferred tax	-	-	-	(667)	-
Total comprehensive income for the period					(4,189)
				(653)	(251,773)

Balance at June 30, 2015 (Audited)

Total comprehensive income for the half year ended

December 31, 2015

Profit for the period

Other comprehensive income

Company's share in unrealised gain on remeasurement

of associates' investments - net of deferred tax

Total comprehensive income for the period

Transfer from surplus on revaluation of property,

plant and equipment on account of

incremental depreciation - net of deferred tax

- Own

- Company's share in associates

Balance at December 31, 2015 (Unaudited)

Total comprehensive income for the half year ended

June 30, 2016

Loss for the period

Other comprehensive income

Loss on remeasurement of defined benefit plan-net

of deferred tax

Company's share in unrealised gain on remeasurement

of associates' investments - net of deferred tax

Company's share in remeasurement gain on associates'

defined benefit plan - net of deferred tax

Total comprehensive income for the period

	Reserves				Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Company's share in other comprehensive income of	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	5,698
- Own	-	-	-	-	2,813
- Company's share in associates	-	-	-	-	2,813
Balance at June 30, 2016 (Audited)	5,000	900,000	591	(1,660)	1,050,839
Total comprehensive income for the half year ended December 31, 2016					
Loss for the period	-	-	-	-	(46,019)
Company's share in unrealised loss on remeasurement of associates' investments - net of deferred tax	-	-	-	(4)	(4)
Total comprehensive income for the period					(46,023)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	5,530
- Own	-	-	-	-	2,774
- Company's share in associates	-	-	-	-	2,774
disposal - net of deferred tax	-	-	-	-	8,304
- Own	-	-	-	-	77
- Company's share in associate	-	-	-	-	10
Balance at December 31, 2016 (Unaudited)	5,000	900,000	591	(1,664)	1,013,207

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


ANWAR AHMED TATA
 CHAIRMAN / DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

Island Textile Mills Limited (the Company) was incorporated in Pakistan on May 20, 1970 as a public limited company under the Companies Act, 1913 as repealed by the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor, Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Kotri Industrial Estate, Kotri in the province of Sindh.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the half year ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail. This condensed interim financial information does not include all the information required for the full financial statements and these should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2016.

2.2 This condensed interim financial information has been prepared under historical cost convention modified by:

- certain items of property, plant and equipment which have been included at revalued amounts;
- investment in associate under equity method; and
- recognition of certain staff retirement benefits at present value.

2.3 This condensed interim financial information is presented in Pak Rupees which is the Company's functional and presentation currency and figures presented in this condensed interim financial information have been rounded off to the nearest thousand rupee.

2.4 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause 5.19.13(b) of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. This condensed interim financial information is being submitted to shareholders as required by section 245 of Companies Ordinance, 1984.

2.5 The comparative figures of condensed interim balance sheet have been extracted from annual financial statements for the year ended June 30, 2016, whereas comparatives of condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the half year ended December 31, 2015.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published annual financial statements for the year ended June 30, 2016.

Certain amendments to existing IFRSs are effective for period beginning on or after July 1, 2016, which do not have any impact on this condensed interim financial information and are therefore not enumerated here.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the published annual financial statements for the year ended June 30, 2016.

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	----- Rupees in '000' -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	4,058,243	3,829,407
Capital work-in-progress		191,915	153,790
		4,250,158	3,983,197

5.1 Following additions, transfers and disposals in operating assets were made:

	Additions / transfers from CWIP	Disposals (written down value)	Sale proceeds
	----- Rupees in '000' -----		
During the period ended December 31, 2016 (Unaudited)			
Plant and machinery	-	99	60
Furniture and fixtures	1,234	-	-
Vehicles	93	-	-
	1,327	99	60

	Additions / transfers from CWIP	Disposals (written down value)	Sale proceeds
During the year ended June 30, 2016 (Audited)	----- Rupees in '000' -----		
Building on leasehold land - Mills	557,779	-	-
Building on leasehold land - Other	513	-	-
Plant and machinery	2,515,579	-	-
Electric installation	117,626	-	-
Mills equipment	5,704	-	-
Computer equipment	5,599	-	-
Furniture and fixtures	29,750	-	-
Vehicles	4,830	271	1,327
	3,237,380	271	1,327

- 5.2 As at December 31, 2016, valuation of leasehold land, buildings on leasehold land-mills and others, plant and machinery and electric installations was revalued and updated by an independent professional valuer MYK Associates (Private) Limited. As a result revaluation surplus of Rs. 327.65 million has been incorporated. (refer note 12)

	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
Note	----- Rupees in '000' -----	
6. SHARE CAPITAL AND RESERVES		
<i>Authorised capital</i>		
1,000,000 ordinary shares of Rs. 10 each	10,000	10,000
<i>Issued, subscribed and paid-up capital</i>		
500,000 ordinary shares of Rs.10 each	5,000	5,000
General reserve	900,000	900,000
Other reserve	591	591
Company's share in other comprehensive income of associates	(1,664)	(1,660)
Unappropriated profit	109,280	146,908
	1,013,207	1,050,839
7. LONG TERM FINANCES		
Banking companies - secured		
Syndicate term finance	7.1 2,288,181	2,369,313
Syndicate long term finance	7.2 711,819	627,988
	3,000,000	2,997,301
Less: Current portion shown under current liabilities		
Syndicate term finance	(228,818)	-
Syndicate long term finance	(51,169)	-
	(279,987)	-
	2,720,013	2,997,301
7.1 It represents amount utilized out of a term finance facility of Rs. 3,000 million obtained from a syndicate of commercial banks. It is secured against first pari passu charge on entire fixed assets of the Company and is subject to mark-up at the rates of 6 months KIBOR plus 1.4% per annum (June 30, 2016: 6 months KIBOR plus 1.4% per annum). It is repayable in seven years, including two years of grace period for principal repayment. Mark up is payable semi annually in arrears and principal in equal semi annual installements from August 2017.		
7.2 It represents amount utilized against facility obtained from syndicate of commercial banks under a sublimit of Rs. 760 million out of finance facility provided under syndicate term finance facility of Rs. 3,000 million as mentioned in note 7.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to mark-up at SBP Refinance rate of 4.5 % per annum plus Bank spread i.e. 1.4% & SBP Refinance rate of 2% per annum plus Bank spread i.e.1.5%. The facility is repayable in seven years, including two years grace period for principal repayment.		
8. CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Estimated financial impact of labour and workmen compensation cases in courts of law		998 998
8.2 Commitments		
Letters of credit for		
- raw material		753,219 387,293
- spares and machinery		25,002 28,835
Bank guarantees issued on behalf of the Company	8.2.1	88,034 86,304
Bills discounted with recourse		620,944 167,473
Outstanding sales contracts		110,639 1,056

8.2.1 This includes bank guarantee related to Sindh Infrastructure Development Cess amounting to Rs. 69.1 million (June 30, 2016: Rs.60.60 million) for which provision amounting to Rs. 61.01 million (June 30, 2016: Rs.60.60 million) has been made.

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		----- (Unaudited) ----- ----- Rupees in '000' -----			
9. COST OF GOODS SOLD					
Opening stock- finished goods		296,887	148,123	539,188	357,119
Cost of goods manufactured	9.1	2,542,014	1,930,264	1,314,522	1,108,037
		2,838,901	2,078,387	1,853,710	1,465,156
Cost of stock lost		(4,980)	-	739	-
Closing stock- finished goods		(435,488)	(469,597)	(435,488)	(469,597)
Cost of manufactured goods sold		2,398,433	1,608,790	1,418,961	995,559
Cost of raw material sold		34,379	-	-	-
		2,432,812	1,608,790	1,418,961	995,559

9.1 Cost of goods manufactured

Raw material	9.1.1	1,944,712	1,417,853	1,028,003	826,757
Stores and spares		39,777	23,670	19,501	12,382
Packing material		37,266	37,067	18,911	21,320
Fuel and power		250,849	237,133	118,956	117,384
Salaries, wages and benefits		153,587	133,573	74,400	70,094
Depreciation		98,330	82,913	49,182	48,287
Insurance		7,334	5,941	3,705	2,719
Repairs and maintenance		3,420	7,329	1,881	4,490
Other overheads		8,549	8,574	3,937	4,052
		2,543,824	1,954,053	1,318,476	1,107,485
Work-in-process					
Opening stock		38,874	10,802	36,730	35,143
Closing stock		(40,684)	(34,591)	(40,684)	(34,591)
		(1,810)	(23,789)	(3,954)	552
		2,542,014	1,930,264	1,314,522	1,108,037

9.1.1 Raw material consumed

Opening stock		684,917	1,039,817	283,482	666,157
Purchases - net		2,415,950	1,069,497	1,900,676	852,061
		3,100,867	2,109,314	2,184,158	1,518,218
Closing stock	9.2	(1,156,155)	(691,461)	(1,156,155)	(691,461)
		1,944,712	1,417,853	1,028,003	826,757

9.2 Net realisable value of finished goods was lower than its cost, resulting in a write-down of Rs. 7.96 million (December 31, 2015: Rs. 5.63 million) charged to cost of goods sold.

10. TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. After considering the effects on deferred taxation on the portion of income subject to final tax regime.

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies/ undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions and outstanding balances with related parties are as follows:

Relationship with the party	Nature of transactions	Half year ended	
		December 31, 2016	December 31, 2015
		----- (Unaudited) ----- ----- Rupees in '000' -----	
Associated undertakings	Share of expense received	1,369	1,645
	Share of expense paid	6,123	2,181
	Purchase of electricity	141,266	93,326
	Sale of raw material	37,725	-
	Sale of fixed assets	60	-
	Rent	300	300
	Purchase of cotton	-	221,477
	Dividend received	-	435
Key management personnel	Remuneration	23,385	18,888
Directors	Remuneration	1,500	1,750
	Meeting fee	60	65
	Rent	1,732	1,732
		December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
		----- Rupees '000' -----	
Relationship with the party	Outstanding balance		
Associated undertakings	Trade creditors	96,266	131,597

12. FAIR VALUE HIERARCHY

The Company's free hold land, building and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurements of the Company's free hold land, building and plant and machinery and electric installations as at September 30, 2003, and June 30, 2012 were performed by an independent valuer Iqbal A. Nanjee & Company (Private) Limited and as at December 31, 2016 by MYK Associates (Private) Limited.

Information about fair value hierarchy and assets classified under the hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1	Level 2	Level 3	Total
As at December 31, 2016 (Unaudited)				
Free hold land	-	123,570	-	123,570
Building on leasehold land - Mill	-	696,397	-	696,397
Building on leasehold land - Other	-	186,745	-	186,745
Plant and machinery	-	2,813,090	-	2,813,090
Electric installations	-	166,904	-	166,904
As at June 30, 2016 (Audited)				
Free hold land	-	68,650	-	68,650
Building on leasehold land - Mill	-	645,167	-	645,167
Building on leasehold land - Other	-	69,954	-	69,954
Plant and machinery	-	2,860,423	-	2,860,423
Electric installations	-	109,845	-	109,845

There were no transfers between levels of fair value hierarchy during the period.

As at December 31, 2016 and June 30, 2016, there were no other financial assets and liabilities that warranted classification under above levels.

The carrying value of all other financial assets and liabilities approximate their fair values.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on February 25, 2017 by the Board of Directors of the Company.


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


ANWAR AHMED TATA
 CHARIMAN / DIRECTOR

31 دسمبر 2016ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کیا جا رہا ہے۔

زیر نظر مدت کے دوران کمپنی کو ٹیکس سے قبل مبلغ 19.625 ملین روپے کا خسارہ ہوا جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران ٹیکس سے قبل مبلغ 189.393 ملین روپے خسارے سے تھوڑی بہت بہتری کے ساتھ کیا جا سکتا ہے۔

ٹیکسٹائل کی صنعت:

بدقسمتی سے ایک بار پھر ہم موجودہ حکومت کی عدم توجہی کی وجہ سے ٹیکسٹائل کی صنعت میں دباؤ کا شکار ہیں۔ اخراجات مستقل طور پر بڑھ رہے ہیں جس میں لیبر، خام مال وغیرہ شامل ہیں۔ ایک طویل عرصہ سے منتظر بااثر ”ٹیکسٹائل ہینڈلنگ“ کا اعلان کر دیا گیا گوکہ یہ ناکافی ہے لیکن ہمیں امید ہے کہ اس کی وجہ سے ٹیکسٹائل سیکٹر میں کچھ ترقی ہوگی اور یہ گرتی ہوئی برآمدات کے اضافے میں معاون ثابت ہوگا۔

ٹیکسٹائل کا بیوج:

دیگر کمپنیوں کی طرح آپ کی کمپنی بھی دو ہولڈنگ ٹیکسٹائل کی وجہ سے دباؤ میں ہے۔ حکومت کی موجودہ ٹیکس پالیسی کا روبرو اور صنعت کیلئے معاون نہیں ہے باوجود اس کے کہ پہلے ہی موجودہ ٹیکس ادا کنندہ پر بہت زیادہ دباؤ ہے، حکومت انہی سے زیادہ سے زیادہ ٹیکسز حاصل کرنے کے درپے ہے۔ ٹیکس ادا کنندہ یہ چاہتا ہے کہ وہ کم سے کم ٹیکس ادا کرے چاہے کمپنی کو خسارہ ہی کیوں نہ ہو اور دو ہولڈنگ ٹیکس منظم کارپوریشن اس طرح سے ہے کہ کم سے کم ٹیکس کے حوالے سے ٹیکس کی کوٹنی زیادہ ہو۔ کم سے کم ٹیکس کی ذمہ داری جو کہ گزشتہ سال 0.5% تھی اب اس میں اضافہ کی وجہ سے 1% کر دیا گیا ہے۔

دو ہولڈنگ ٹیکسٹائل کے باوجود ہم گورنمنٹ کی جانب سے ناکردہ مختلف ٹیکسز جیسا کہ سروسز پر SRB، کسٹم ڈیوٹی، ٹیکسٹائل ٹیکس، تعلیمی ٹیکس، گاڑی ٹیکس، سوشل سکیورٹی اور EOBI وغیرہ کی مدد میں حکومت کے خزانے میں بھاری رقم کی ادائیگی کر رہے ہیں۔

خام مال:

ایک بار پھر کاشن کی فصل میں شدید ناکامی کا سامنا ہے۔ ٹیکسٹائل کی صنعت نے حکومت کو کاشن ٹیکس کے حوالے سے کئی ملین روپے کی ادائیگی کی ہے لیکن اس کے باوجود پاکستان کے زرعی اداروں نے کاشن کے بیج کی درآمد/ایگزپورٹ سے روک دیا ہے، مارا دیات کا چھڑکاؤ کے ذریعے معیار میں بہتری کیلئے کوئی تھمتیں نہیں کی۔ اس وجہ سے کاشن کی کوالٹی ہراساں خراب ہو رہی ہے اس کے علاوہ فصل کی مقدار میں بھی کمی واقع ہو رہی ہے۔ ہم پاکستانی کاشن کیلئے کافی زیادہ قیمت ادا کر رہے ہیں مگر حکومت کاشن کی فصل سے متعلق معاملات کو ابھی تک مسلسل نظر انداز کئے ہوئے ہے اور اس کی فصلوں کیلئے کوئی اصلاحی اقدامات یا پالیسی مرتب نہیں کی جو کہ برآمدات کے سلسلے میں 70% ریونیو فراہم کرتا ہے۔ لہذا ہم کاشن کی درآمدات جو کہ زیادہ تنگی پڑتی ہے پر مجبور ہیں۔

مستقبل پر نظر:

حکومت نے ٹیکسٹائل صنعت کیلئے بڑھ چلائی گئی ہے جس کی حالت میں ”ٹیکسٹائل ہینڈلنگ“ نہیں کہا جا سکتا۔ ہمارا ملک جو کہ پہلے ہی خام مال میں کمی کا شکار ہے اور 4% عائد درآمداتی ڈیوٹی ادا کر کے خام مال خرید رہی ہے جو کہ حکومت کی سراسر غلط پالیسی ہے لہذا اس 4% سے دستبرداری کو ہینڈلنگ نہیں تصور کیا جا سکتا۔ لہذا ہمیں آنے والے مہینوں کا انتظار کرنا ہے کہ یارن پر 4% کی ڈیوٹی کس طرح واپس ہوتی ہے جو کہ بہت کم اور بہت تاخیر سے ہوتی ہے اور غیر پیشگی ہینڈلنگ ریٹ پالیسی کے خلاف ہے حکومت کو چاہئے کہ وہ فوری اقدامات کرتے ہوئے سیکورٹیز اور آگ ٹیکس کی مدد جمع شدہ رقم واپس کرے۔

اظہار تشکر:

ہم یہاں اپنے ان تمام ٹیم ممبران کی جو کہ کمپنی کی کامیابی اور بہتری کیلئے اپنا کردار ادا کر رہے ہیں اور ہمارے ٹیکسٹائل زرخیز میدان اور صارفین جنہوں نے کمپنی پر اعتماد کیا کہ بے حد مشکور ہیں۔

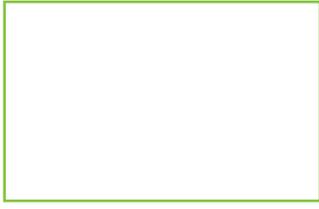
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مورخہ: 25 فروری 2017ء

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